

sýn 



Key Financial Results Q2 2019

Revenue

5,023 m IKR

EBITDA

1,216 m IKR

Earnings

215 m IKR loss

Equity Ratio

35.6%

Key factors that affect Q2 & 6M 2019



- The merger of P/F Hey, Sýn's subsidiary in the Faroe Islands and Nema, a subsidiary of Tjaldur, was finalized in Q1 2019. After the merger, Sýn owns 49,9% of the merged company and will be accounted for under the equity method.
- Broadcasting license right are now accounted for as part of intangible assets instead of inventories, comparative figures in 2018 have been updated accordingly.
- New accounting standard IFRS 16 was implemented on January 1, 2019. Comparative figures for 2018 are not updated.
- Unfavourable exchange rate developments in 6M 2019 amounted to ISK 70 million compared to the same period last year.
- Estimated effects of collective agreements amount to ISK 115 million in 2019.

Income Statement Q2 Highlights



ISK m	Q2 2019	Q2 2018	Change	% change
Revenue	5,023	5,157	-134	-3%
Cost of Sales	-3,290	-3,158	-132	4%
Gross Profit	1,733	1,999	-266	-13%
Operating costs	-1,769	-1,810	41	-2%
EBITDA*	1,216	1,270	-54	-4%
EBIT	-36	189	-225	-119%
Net Financials	-257	-191	-66	34%
Effect of associates	8	-8	16	-
Income tax	70	1	69	-
Loss**	-215	-9	-206	-
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<i>Gross Margin (%)</i>	<i>34.5%</i>	<i>38.8%</i>		
<i>EBITDA %</i>	<i>24.2%</i>	<i>24.6%</i>		
<i>EBIT %</i>	<i>-0.7%</i>	<i>3.7%</i>		

Impact of IFRS 16 on P/L	Q2 2019
Cost of sales	84
Operating costs	84
EBITDA	168
Net financials	-61
Depreciation	-138
IFRS 16 impact on earnings	-31

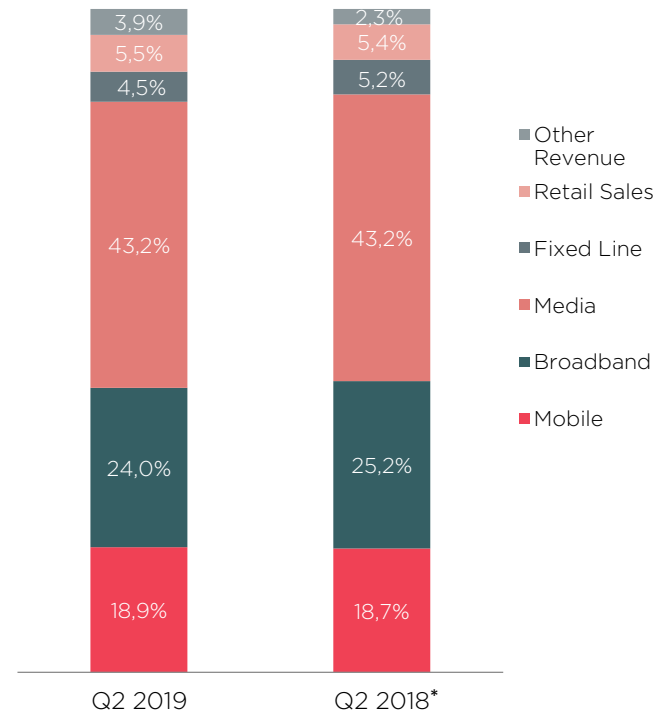
*EBITDA 2018 adjusted to changed classification of broadcasting license rights

**Profit (loss) for the period from continuing operations

Revenues Q2



ISK m	Q2 2019	Q2 2018*	Chg.	% chg.
Media	2,170	2,229	-59	-3%
Broadband	1,208	1,301	-93	-7%
Mobile	944	964	-20	-2%
Fixed Line	228	268	-40	-15%
Retail Sales	278	278	0	0%
Other Revenue	195	117	78	67%
Total Revenue	5,023	5,157	-134	-3%



*Updated comparative figures in relation to the sale of P/F Hey Rental of internet routers has been moved from other revenue to broadband.

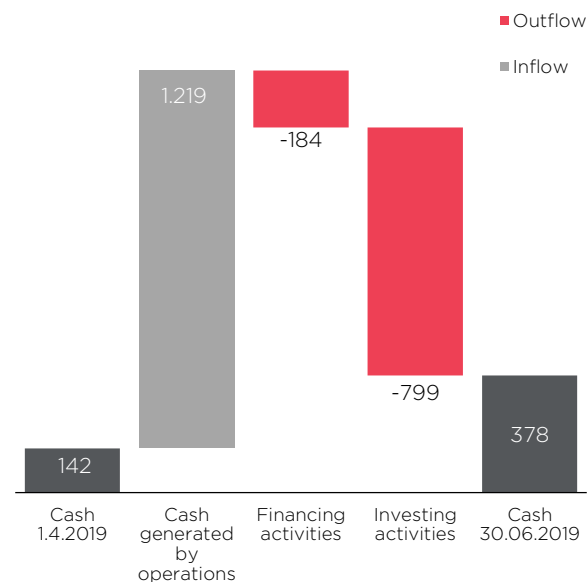
Cash Flow Q2 2019



ISK m	Q2 2019	Q2 2018	Change	% chg.
Cash generated by operations	1,219	907	312	34%
Investing activities	-799	-1,412	613	-43%
Financing activities	-184	576	-760	-132%
Change in cash	236	71	165	232%
Effect of exchange rate	0	-1	1	0%
Cash at beginning of period	142	280	-138	-49%
Cash classified held for sale	0	-33	33	-
Cash at the end of period	378	317	61	19%
Cash generated by operations before interest and tax	1,444	1,075	369	34%
Investment activities*	-799	-1,402	603	-43%
Free Cash Flow	645	-327	972	-297%

* Excluding net investment in share in other companies

Q2 2019 Cash Flow changes





Key Financial Results 6M 2019

Revenue

9,998 m IKR

EBITDA

2,476 m IKR

Profit

455 m IKR

Equity Ratio

35.6%

Income Statement 6M Highlights



ISK m	6M 2019	6M 2018	Change	% change
Revenue	9,998	10,187	-189	-2%
Cost of Sales	-6,358	-6,163	-195	3%
Gross Profit	3,640	4,024	-384	-10%
Operating Costs	-3,591	-3,631	40	-1%
EBITDA*	2,476	2,468	8	0%
EBIT	49	393	-344	-87%
Net Financials	-515	-325	-190	59%
Effect of associates	828	-12	840	-
Income tax	93	-14	107	-
Profit**	455	42	413	991%

<i>Gross Margin (%)</i>	<i>36.4%</i>	<i>39.5%</i>
<i>EBITDA %</i>	<i>24.8%</i>	<i>24.2%</i>
<i>EBIT %</i>	<i>0.5%</i>	<i>3.9%</i>

Impact of IFRS 16 on P/L	6M 2019
Cost of sales	164
Operating costs	148
EBITDA	311
Net financials	-94
Depreciation	-242
IFRS 16 impact on earnings	-25

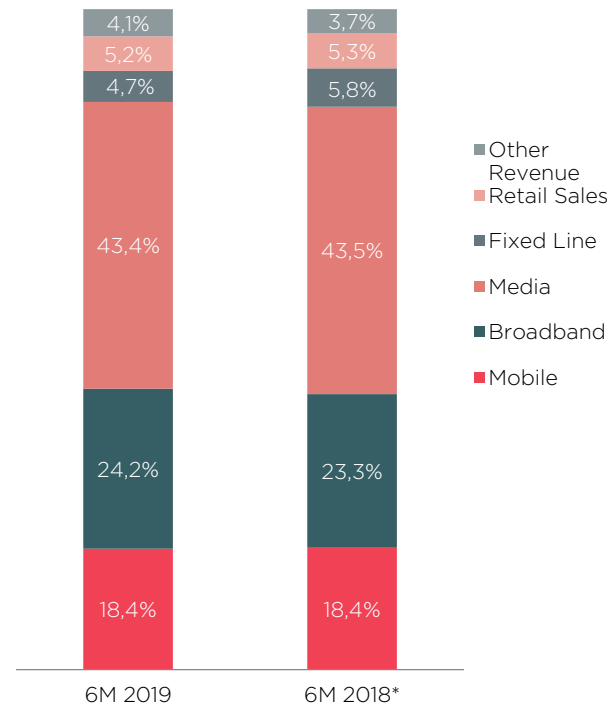
*EBITDA 2018 adjusted to changed classification of license rights

**Profit (loss) for the period from continuing operations

Revenue 6M



ISK m	6M 2019	6M 2018*	Chg.	% Chg.
Media	4,342	4,428	-86	-2%
Broadband	2,414	2,380	34	1%
GSM	1,837	1,879	-42	-2%
Fixed Line	470	587	-117	-20%
Retail Sales	524	539	-15	-3%
Other Revenue	412	374	38	10%
Total Revenue	9,998	10,187	-189	-2%



*Updated comparative figures for the sale of P/F Hey
Rental of internet routers has been moved from other revenue to broadband.

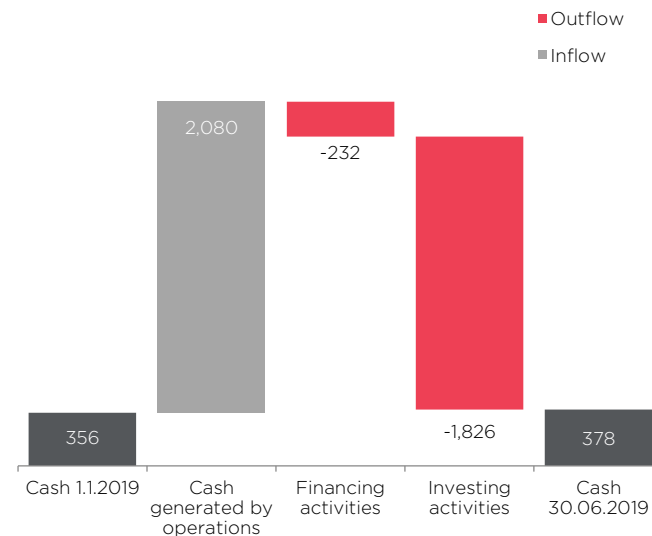
Cash Flow 6M 2019



ISK m	6M 2019	6M 2018	Change	% chg.
Cash generated by operations	2,080	2,144	-64	-3%
Investing activities	-1,826	-2,694	868	-32%
Financing activities	-232	572	-804	-141%
Change in cash	22	22	0	0%
Effect of exchange rate	0	-1	1	-100%
Cash at beginning of period	356	329	27	8%
Cash classified held for sale	0	-33	33	-
Cash at the end of period	378	317	61	19%
<hr/>				
Cash generated by operations before interest and tax	2,553	2,527	26	1%
Investment activities*	-1,833	-2,670	837	-31%
Free Cash Flow	720	-143	863	-603%

* Excluding net investment in share in other companies

Cash Flow 6M 2019

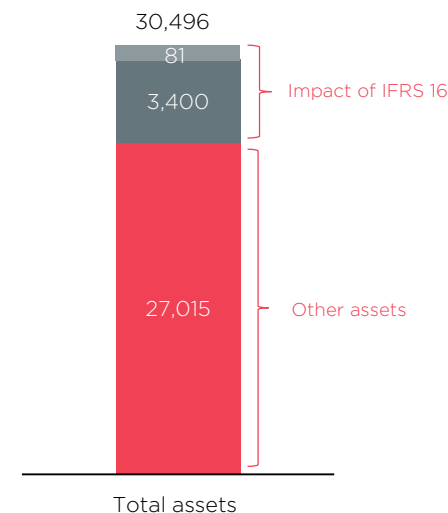


Statement of Financial Position June 30th 2019



	30.06.19	31.12.18	Change	%
Property, plant and equipment	5,036	4,785	251	5%
Righ-of-use assets	3,400	0	3,400	-
Intangible assets	15,454	15,454	0	0%
Shares in other companies	1,250	48	1,202	2504%
Fixed assets	25,140	20,287	4,853	24%
Other current assets	4,978	5,312	-334	-6%
Cash and cash equivalents	378	356	22	6%
Assets classified as held for sale	0	1,056	-1,056	-
Current assets	5,356	6,724	-1,368	-20%
Total assets	30,496	27,011	3,485	13%

Impact of IFRS 16 on assets 30.06.19

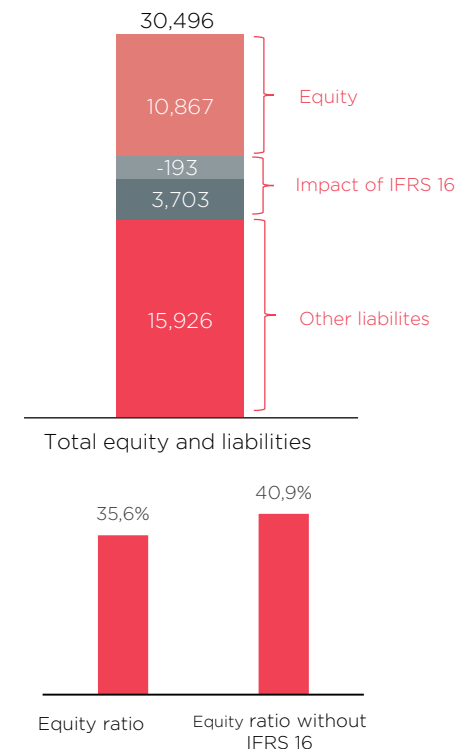


Statement of Financial Position June 30th 2019



	30.06.19	31.12.18	Change	%
Equity	10,867	10,707	160	1%
Interest bearing debt	10,856	10,874	-18	0%
Lease liabilities	3,280	0	3,280	-
Deferred tax liabilities	47	138	-91	-66%
Non-current liabilities	14,183	11,012	3,171	29%
Interest bearing debt	689	687	2	0%
Lease liabilities	423	0	423	-
Other current liabilities	4,334	4,167	167	4%
Liabilities related to assets classified held for sale	0	438	-438	-
Current liabilities	5,446	5,292	154	3%
Total equity and liabilities	30,496	27,011	3,485	13%
<i>Interest bearing debt</i>	<i>15,248</i>	<i>11,561</i>		
<i>Net interest bearing debt</i>	<i>14,870</i>	<i>11,205</i>		
<i>Equity ratio</i>	<i>35.6%</i>	<i>39.6%</i>		

Impact of IFRS 16 on equity and liabilities 30.06.19

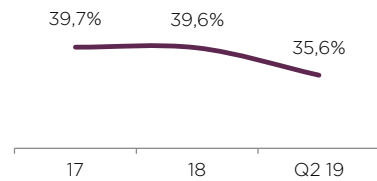
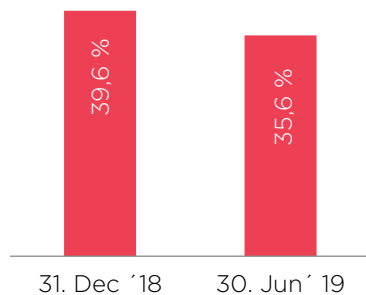


Figures are in ISK million

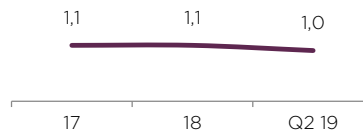
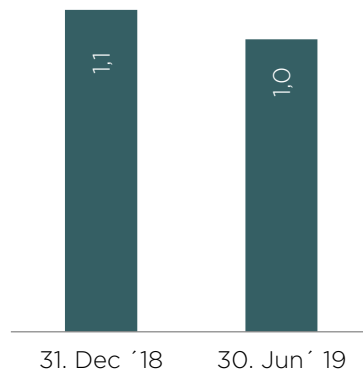
Statement of Financial Position - Key ratios



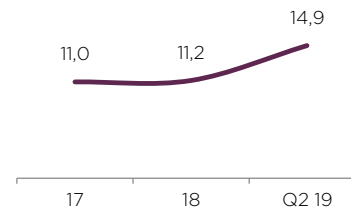
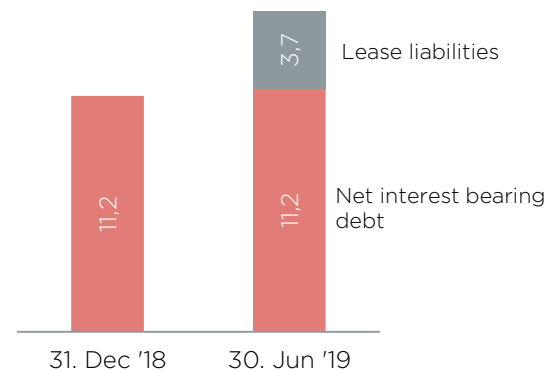
Equity Ratio



Current Ratio*



Net interest bearing debt



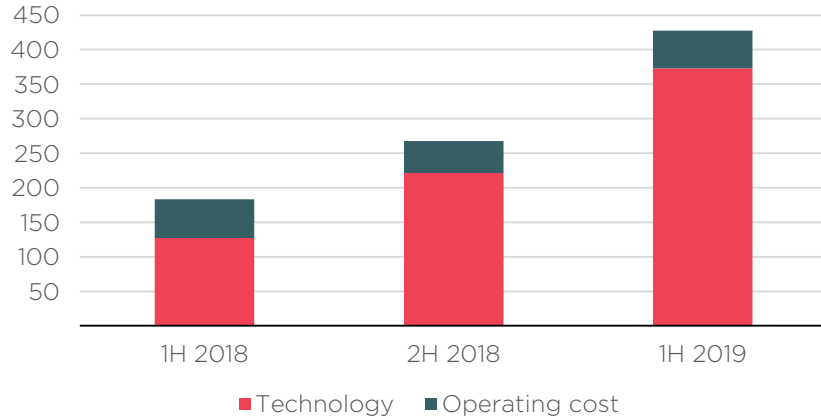
Updated comparative figures for the sale of P/F Hey

*Current ratio = current assets / current liabilities

Realized Synergies



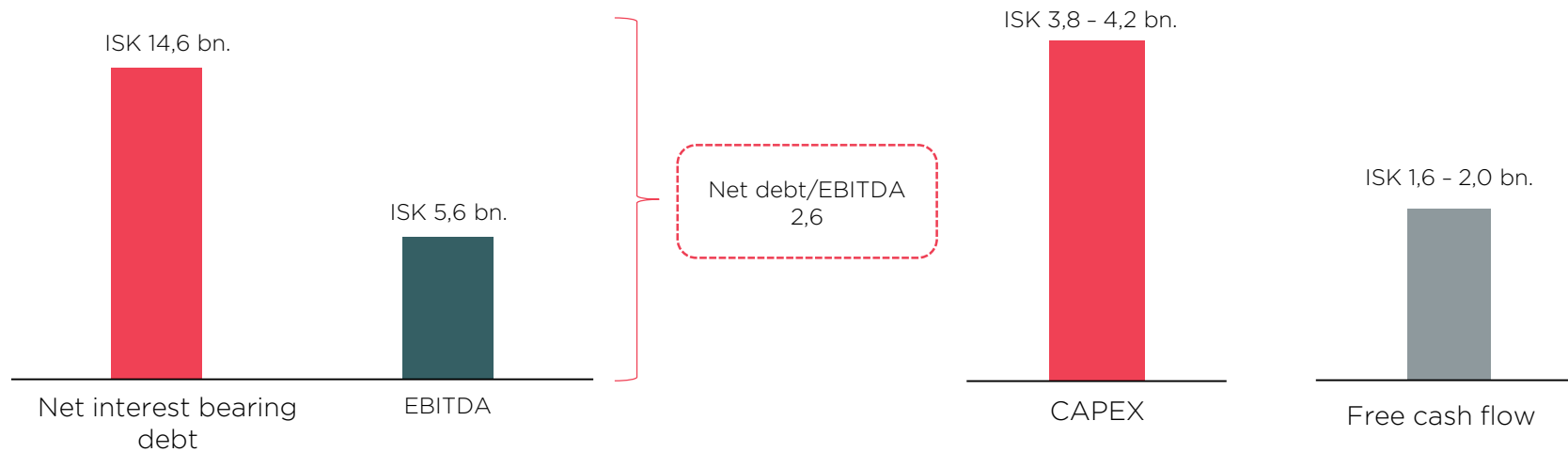
Realized synergies



The synergy effect for the first half of 2019 is expected to continue in the second half of the year

It is estimated that cost efficiency work executed in the first half of the year will return a monthly savings in excess of ISK 50 million from the beginning of 2020

Outlook 2019



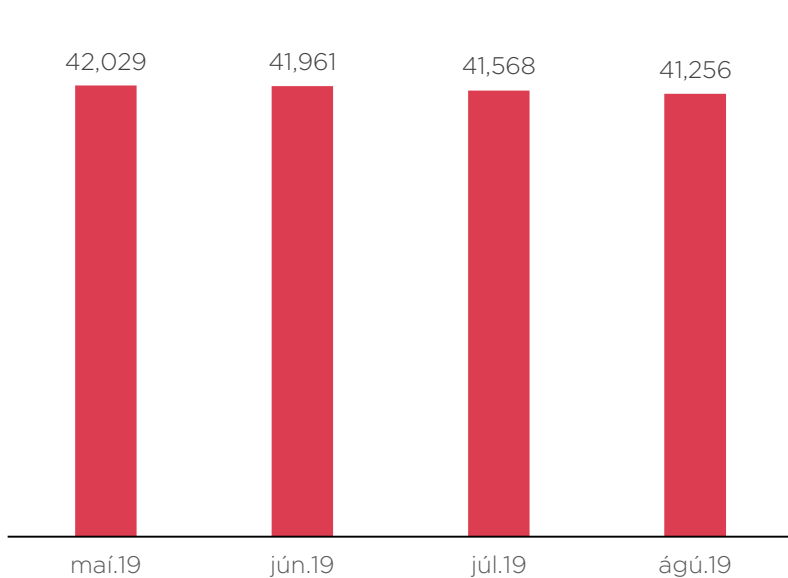


Number of customers

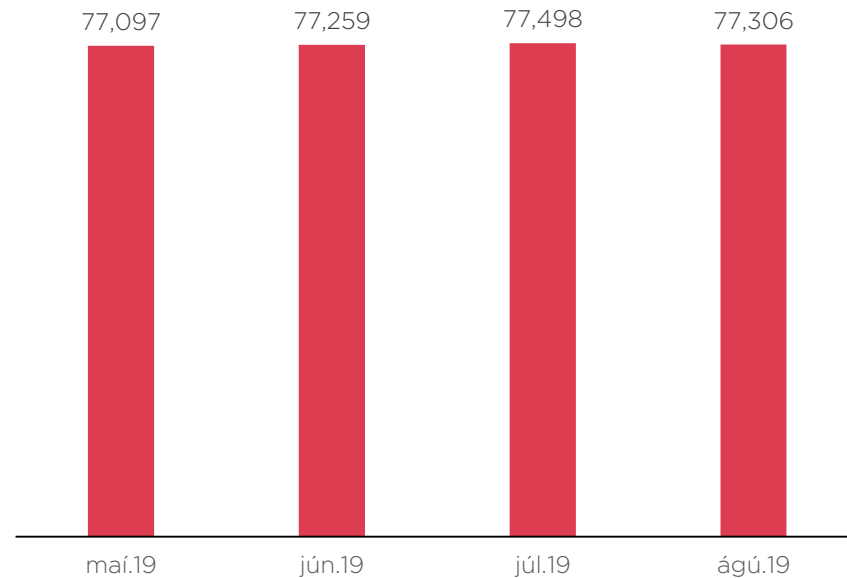
Number of customers Telecom



Fixed line
May 2019 - August 2019



Mobile subscriptions
May 2019 - August 2019

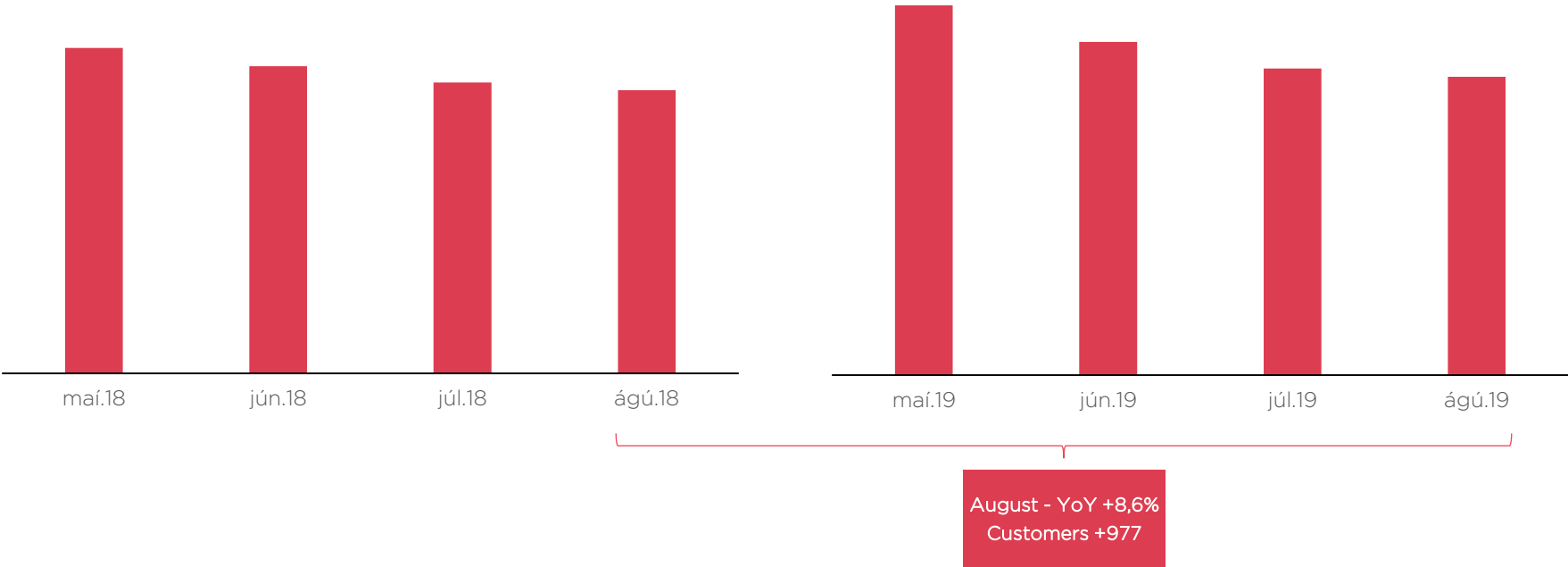


Customers with access to „Sportpakkin“



May 2018 – August 2018

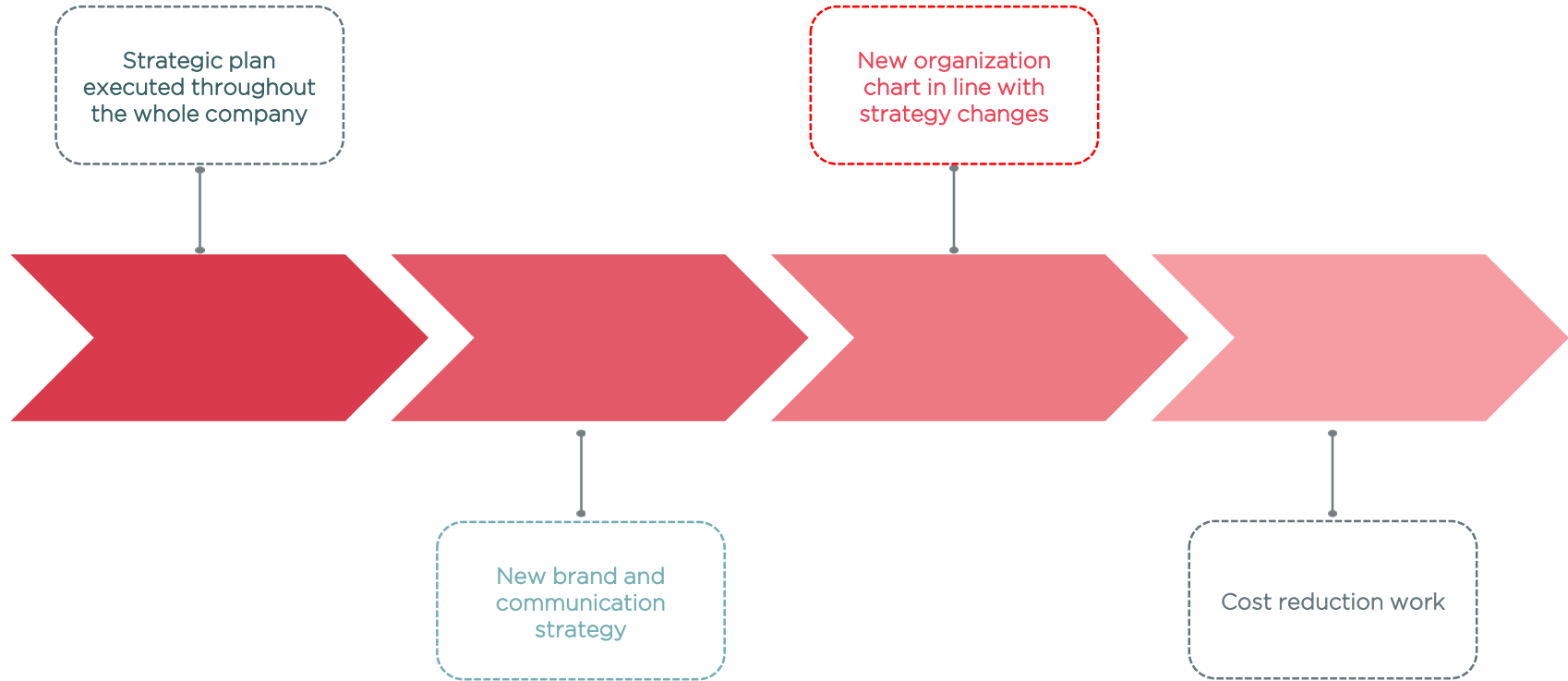
May 2019 – August 2019





Measures taken this summer

Focus Areas





Customer Centric Organization

Developing a long term business relationship based on mutual respect and trust

SIMPLIFY

EXPERIENCE

LOYALTY

New Communications and Brand Strategy

Brand and Communications Strategy



sýn

Only used to identify the legal entity



September 6th the fall program for Stöð 2 will be introduced along with a new look

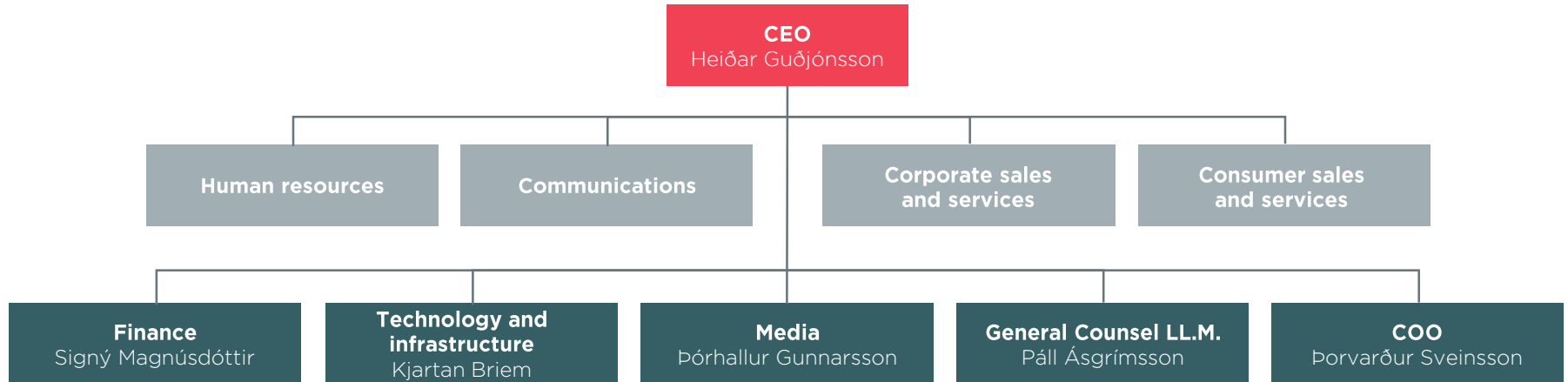


Enhance the visuality of the brand



No change to the current strategy

New Organization Chart



Cost Efficiency Work



Number of employees has decreased significantly

Significant reduction in middle management

Merger of departments to increase synergy and cost efficiency

Renegotiation of broadcasting license rights contracts

Digital transformation

Renegotiation of other supplier contracts

Revenue Sources



- **Media** – Revenue from the operation of broadcast media, TV subscriptions, advertisement, distribution systems, set-top boxes, TVOD, SVOD and PPV.
- **Broadband** – Revenue from internet service in fixed-line networks, including fiber optic cables, xDSL service and other data connections.
- **Mobile** – Revenue for use of cell phones, including data transfer with in the mobile network, subscription revenue from individuals, prepaid sim cards, roaming revenue from travelers, interconnection revenues etc.
- **Fixed line** – Revenue from home phone usage and corporate fixed line usage, interconnection revenue from fixed line.
- **Retail sale** – Revenue from sale of telecommunications equipment and accessories.
- **Other revenue** – Service revenues and rental of terminal equipment

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